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NEA FOR FRONT OFFICE; NEA/IPA FOR
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TREASURY FOR SZUBIN/LOEFFLER/NUGENT/HIRSON; PLEASE PASS TO
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E.O. 12958: DECL: 01/16/2017

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SUBJECT: ISRAELI ARABS PROVIDE SILVER LINING TO ANOTHER
BLEAK BETHLEHEM CHRISTMAS SEASON

CLASSIFIED BY: CONSUL GENERAL JAKE WALLS, REASONS 1.4 (B) AND (D).

11. (C) THIS CHRISTMAS SEASON IN BETHLEHEM WAS THE WORST IN FIVE YEARS FOR INTERNATIONAL VISITORS AND RETAIL SALES, ACCORDING TO BETHLEHEM CHAMBER OF COMMERCE AND INDUSTRY (BCCI) OFFICIALS. HAVING SOUGHT REFUGE IN THE AREA DURING ISRAEL'S CONFLICT WITH HIZBALLAH LAST SUMMER, RECORD NUMBERS OF ISRAELI ARABS VISITORS, HOWEVER, PROVIDED SOME BENEFIT TO THE LOCAL ECONOMY. ISRAEL'S TEMPORARY LIFTING OF SOME RESTRICTIONS ON TRAVEL TO BETHLEHEM HELPED. OTHER RECENTLY INTRODUCED MEASURES CONTINUE TO RESTRICT ACCESS AND MOVEMENT. BCCI OFFICIALS PRAISED RECENT USAID/OTI ASSISTANCE TO STRENGTHEN ITS OUTREACH TO THE PRIVATE SECTOR. END SUMMARY.

12. (C) BETHLEHEM CHAMBER OF COMMERCE AND INDUSTRY (BCCI) MANAGING DIRECTOR NABIL BANDAK AND DEPARTMENT COORDINATOR FAYROUZ KHOURY TOLD ECONOFFS AND USAID/OTI OFFICER JANUARY 5 THAT THIS CHRISTMAS SEASON HAS BEEN THE WORST IN FIVE YEARS FOR INTERNATIONAL VISITORS AND RETAIL SALES. BANDAK SAID THAT ON DECEMBER 24 -- WHAT SHOULD HAVE BEEN THE BUSIEST DAY OF THE SEASON -- ONLY 12 TOURIST BUSES CAME TO BETHLEHEM. HE NOTED THAT AS MANY AS 100 BUSES CARRYING FILIPINO AND THAI WORKERS FROM ISRAEL VISITED ON DECEMBER 23-24, BUT THESE TRAVELERS MERELY VISITED THE CHURCH OF THE NATIVITY AND THEN LEFT WITHOUT STOPPING AT LOCAL SHOPS.

ISRAELI ARABS RETURN

13. (C) BANDAK STATED THAT ISRAELI ARABS, APPARENTLY PLEASED WITH WHAT THEY SAW WHILE SEEKING REFUGE IN THE AREA DURING ISRAEL'S CONFLICT WITH HIZBALLAH LAST SUMMER, ARRIVED IN RECORD NUMBERS. SIGNIFICANTLY CHEAPER PRICES ON FOOD AND LODGING THAN THOSE IN ISRAEL HELPED DRAW THEM BACK. HE ACKNOWLEDGED THAT A RECENT ISRAELI DECISION TO LIFT RESTRICTIONS ON TRAVEL TO BETHLEHEM FOR ISRAELI ARABS AND EAST JERUSALEM ID HOLDERS FOR A TWO-WEEK PERIOD HELPED INCREASE THE NUMBER OF VISITORS. BANDAK NOTED, HOWEVER, THAT BETHLEHEM'S ECONOMY DEPENDS ON THE FOREIGN EXCHANGE OF FREER SPENDING INTERNATIONAL TOURISTS, WHOSE NUMBERS ARE AGAIN ON THE DECLINE DUE TO A HEIGHTENED FEAR OF VIOLENCE.

RETAIL SALES DOWN

14. (C) BANDAK SAID THE CHRISTMAS-NEW YEAR PERIOD IS ALSO TRADITIONALLY A PEAK SEASON FOR CLOTHING SALES. THE EID AL-ADHA OCCURRING AROUND THE SAME TIME THIS YEAR SHOULD HAVE PROVIDED AN ADDITIONAL BOOST. CLOTHING MERCHANTS, HOWEVER,

HAVE REPORTED MEAGER SALES. BANDAK ATTRIBUTED THIS TO NON-PAYMENT OF PA EMPLOYEE SALARIES WHICH HAS CONTRIBUTED TO THE GENERAL DOWNTURN IN THE LOCAL ECONOMY.

CHECKPOINTS STILL PROBLEMATIC

15. (C) BANDAK CONFIRMED THAT, AS A RESULT OF A RECENTLY INTRODUCED EASING OF RESTRICTIONS AT THE WADI NAR CHECKPOINT, RESIDENTS OF BETHLEHEM CAN NOW DRIVE TO JERICHO WITHOUT A VEHICLE PERMIT. HE ADDED, HOWEVER, THAT VEHICLES CANNOT RETURN VIA THE SAME ROUTE WITHOUT ONE. THE CHECKPOINT AT JERICHO REQUIRES THAT VEHICLES WITHOUT PERMITS RETURN VIA RAMALLAH, ADDING AN HOUR TO THE TRIP BACK. (NOTE: A WEST BANK BUSINESSMAN TOLD ECONOFF JANUARY 9 THAT ISRAELIS AT WADI NAR HAVE STARTED PROHIBITING THE PASSAGE OF VEHICLES LACKING A VALID/CURRENT VEHICLE REGISTRATION. DUE TO THE PA EMPLOYEE STRIKE, PALESTINIANS HAVE NOT BEEN ABLE TO RENEW THEIR VEHICLE REGISTRATION FOR MONTHS.

16. (C) BANDAK ASSERTED THAT TRAVEL TO NABLUS AND JENIN HAS GOTTEN WORSE IN RECENT WEEKS FOR BETHLEHEM BUSINESSMEN. HE SAID THAT ISRAELIS NOW REQUIRE THAT BUSINESSMEN SEEKING A PERMIT TO TRAVEL TO THESE CITIES PROVIDE AN AFFIDAVIT FROM THE NABLUS OR JENIN COMPANY THEY WISH TO VISIT ATTESTING TO A BUSINESS RELATIONSHIP BETWEEN THE TWO.

USAID/OTI ASSISTANCE TO BCCI

17. (SBU) USAID/OTI PROVIDED OVER USD 90,000 OF ASSISTANCE TO BCCI TO STRENGTHEN ITS OUTREACH TO THE PRIVATE SECTOR AND MOBILIZE BUSINESS OWNERS TO IMPROVE THE BUSINESS ENVIRONMENT IN THE BETHLEHEM GOVERNORATE. BCCI WORKED CLOSELY WITH THE BUSINESS COMMUNITY TO COORDINATE A WINTER FESTIVAL TO PROMOTE

AND MARKET BETHLEHEM INDUSTRY AND PRODUCTS DURING A TWO-WEEK PERIOD OF PEAK ECONOMIC ACTIVITY. USAID/OTI FINANCED THE VENUE FOR THE TRADE FAIR, RADIO AND NEWSPAPER ANNOUNCEMENTS AND PROMOTIONAL MATERIALS, INCLUDING MAPS OF THE COMMERCIAL DISTRICT, BANNERS, AND POSTERS HIGHLIGHTING BETHLEHEM INDUSTRIES. BANDAK SAID THE PROJECT HAD BEEN VERY SUCCESSFUL IN STRENGTHENING ITS NETWORK WITH THE PRIVATE SECTOR AND PROVIDING BUSINESSMEN WITH SUPPORT DURING A PARTICULARLY DIFFICULT PERIOD.
WALLES